THE DATA-CONFIDENT MARKETER

MightyHive research sheds light on how brands plan to succeed with first-party data

THE
DATA-CONFIDENT MARKETER

INDEX

INTRODUCTION

LEADING MARKETERS ARE USING FIRST-PARTY DATA TO PULL AHEAD OF THE PACK.

LEARN HOW THEY'RE APPROACHING DATA DIFFERENTLY.

MightyHive partnered with Advertiser Perceptions to survey 200 marketing decision-makers about their views on first-party data: how they're using it, where it lives in their organization, and how soon they expect first-party data to start producing results.

WHAT MAKES A
DATA-CONFIDENT MARKETER?

In an era when consumers have more power than ever to research purchases and express their feelings about brands, and when brands have more options than ever for engaging consumers, marketers remain frustrated by gaps in their understanding of their customers.

Despite these challenges, leading marketers are unlocking first-party data to close these gaps. The success of these data-confident marketers is attributed to becoming more customer-centric: they're able to apply first-party data in ways that help them understand who their customers are, what motivates them, and how digital advertising plays a role in their purchase decisions.

"You are f**d without first-party data. Getting it is hard enough, but what do you do with it once you get it?"**
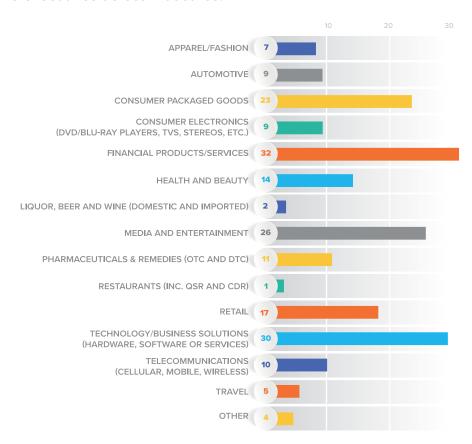
Jamie Gutfreund, Wunderman global CMO, Wunderman
Ad Age

WHO WE HEARD FROM

Our aim was to gather informed insights from senior digital marketers. In order to be considered for the survey, participants had to:
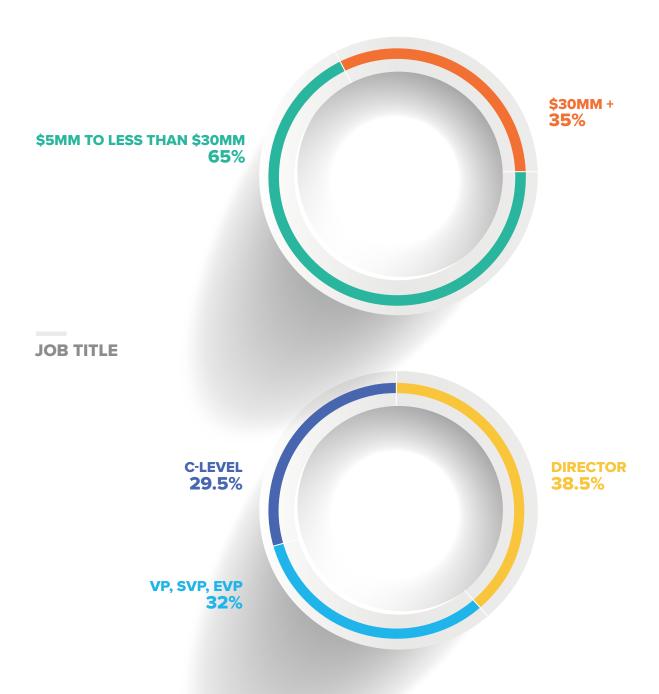
✔ **BE ON THE BRAND (NOT AGENCY) SIDE**

✔ **BE DIRECTOR-LEVEL OR ABOVE**

✔ **BE INVOLVED IN PROGRAMMATIC ADVERTISING AND FIRST-PARTY DATA**

✔ **HAVE AN ANNUAL BUDGET OF AT LEAST $5MM**

We collected survey responses from 200 marketers and conducted in-depth interviews with five executives across industries.

Industry	Count
APPAREL/FASHION	7
AUTOMOTIVE	9
CONSUMER PACKAGED GOODS	23
CONSUMER ELECTRONICS (DVD/BLU-RAY PLAYERS, TVS, STEREOS, ETC.)	9
FINANCIAL PRODUCTS/SERVICES	32
HEALTH AND BEAUTY	14
LIQUOR, BEER AND WINE (DOMESTIC AND IMPORTED)	2
MEDIA AND ENTERTAINMENT	26
PHARMACEUTICALS & REMEDIES (OTC AND DTC)	11
RESTAURANTS (INC. QSR AND CDR)	1
RETAIL	17
TECHNOLOGY/BUSINESS SOLUTIONS (HARDWARE, SOFTWARE OR SERVICES)	30
TELECOMMUNICATIONS (CELLULAR, MOBILE, WIRELESS)	10
TRAVEL	5
OTHER	4

WHO WE HEARD FROM (CONT'D)

DIGITAL AD SPEND OVER THE PAST 12 MONTHS

$30MM +
35%

$5MM TO LESS THAN $30MM
65%

JOB TITLE

C-LEVEL
29.5%

DIRECTOR
38.5%

VP, SVP, EVP
32%

THE EXECUTIVE INTERVIEWS

In addition to the survey, we conducted in-depth interviews with digital marketing executives across five industries. We've included key excerpts and learnings from these interviews throughout this report.

Senior Marketing Director
Travel

Director of Media Strategy
CPG

SVP Growth
Retail

VP Global Media
Beauty

VP Media
Financial

> **"We all of a sudden have access to something that we never had access to, so there's a lot of zeal but not a lot of knowledge."**
>
> **VP Media,** Financial

FIRST-, SECOND-, AND THIRD-PARTY DATA EXPLAINED

FIRST-PARTY DATA

First-party data is typically defined as the data that is proprietary to a brand, even if some of a brand's first-party data is stored in external (off-premises) systems and databases (e.g., cloud-based CRM).

Examples: CRM records, site analytics, media cost & flight, point of sale.

SECOND-PARTY DATA

Put simply, second-party data is someone else's first-party data. For example, a brand might work directly with a publisher to leverage that publisher's audience data for targeting (in this case, the publisher is the "second party").

Examples: Publisher audience data, search data, email list rentals, purchase data.

THIRD-PARTY DATA

Brands access third-party data via intermediaries (i.e., "third parties") that aggregate, package, and resell data collected from publishers, brands, and tech platforms.

Examples: Purchase intender or demographic segments, identity graphs, performance benchmarks.

WHAT'S THE UPSIDE OF FIRST-PARTY DATA?

WHAT'S THE UPSIDE
OF FIRST-PARTY DATA?

When we asked marketers what their primary reasons were for using first-party data, the top four responses were:

1	IMPROVED PERFORMANCE/ROI	**2**	ACCURACY/DATA QUALITY
3	LENDS TO MORE PRECISE TARGETING	**4**	IMPROVED MEASUREMENT AND ATTRIBUTION

Question: What are your company's primary reasons for using first-party data? (Ranked among top 3 reasons)

If marketers are correct in this self-assessment, then the leaders who unlock their first-party data sooner are going to pour fuel into a positive feedback loop, where better-quality first-party data leads to more precise targeting, which leads to stronger and more accurately-measured performance, which will then generate more high-quality first-party data, and so forth.

BETTER MEASUREMENT & DATA CAPTURE generates…

MORE & BETTER DATA leads to…

STRONGER PERFORMANCE enables…

MORE ACCURATE TARGETING yields…

It's easy to see how such feedback loops could allow the data-confident marketers who are able to crack this code to break away from their competitors with surprising speed.

> **"We're finding that the results we're seeing by leveraging some of our internal first-party data does outperform the demo-based or even some of our potential partners…We're seeing better results from our own internal data than leveraging some of the other [data] that we can tie into."**
>
> **Director Media Strategy,** CPG

UNEVEN PROGRESS
AND MIXED OPTIMISM

UNEVEN PROGRESS
AND MIXED OPTIMISM

Data-confident marketers clearly feel they are on the cusp of first-party data making a substantial impact on their marketing. However, this optimism isn't universal, with many marketers assuming that first-party data will take longer to crack or will yield less-impressive dividends.
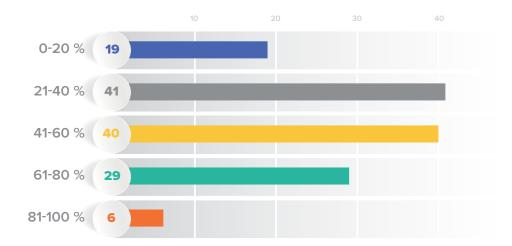
> **"We do have a data strategy. But when I compare my data strategy and infrastructure to where we are now, we are still somewhat in a start-up mode."**
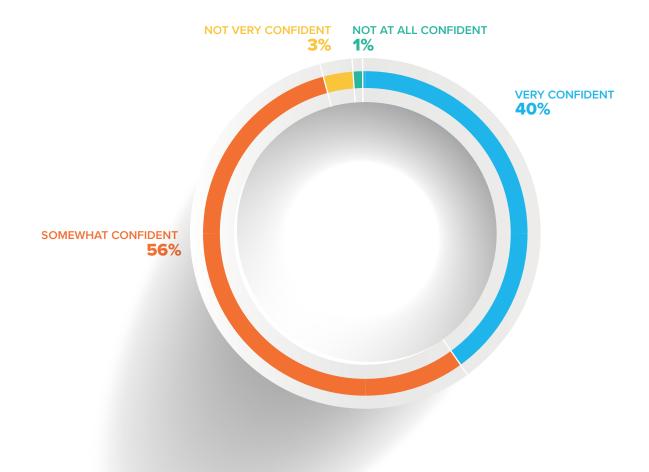>
> **Sr. Marketing Director** Travel

WHAT PERCENT OF YOUR COMPANY'S FIRST-PARTY DATA POTENTIAL DO YOU THINK YOU'RE TAPPING INTO?

Range	Value
0-20 %	19
21-40 %	41
41-60 %	40
61-80 %	29
81-100 %	6

Across the board, this seems to be a work in progress for marketers, with survey responses spread across a bell curve that's still tilted closer to the starting point of brands' data initiatives than to their completion. In fact, fewer than 1 in 20 marketers believe they've tapped more than 80% of first-party data's potential.
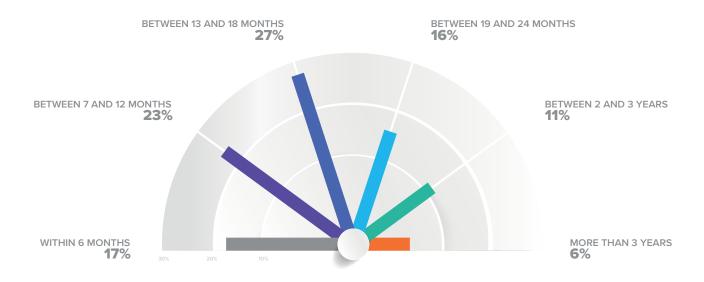
HOW CONFIDENT ARE YOU IN YOUR FIRST-PARTY DATA DELIVERING A STRONG RETURN ON INVESTMENT?

NOT VERY CONFIDENT
3%

NOT AT ALL CONFIDENT
1%

VERY CONFIDENT
40%

SOMEWHAT CONFIDENT
56%
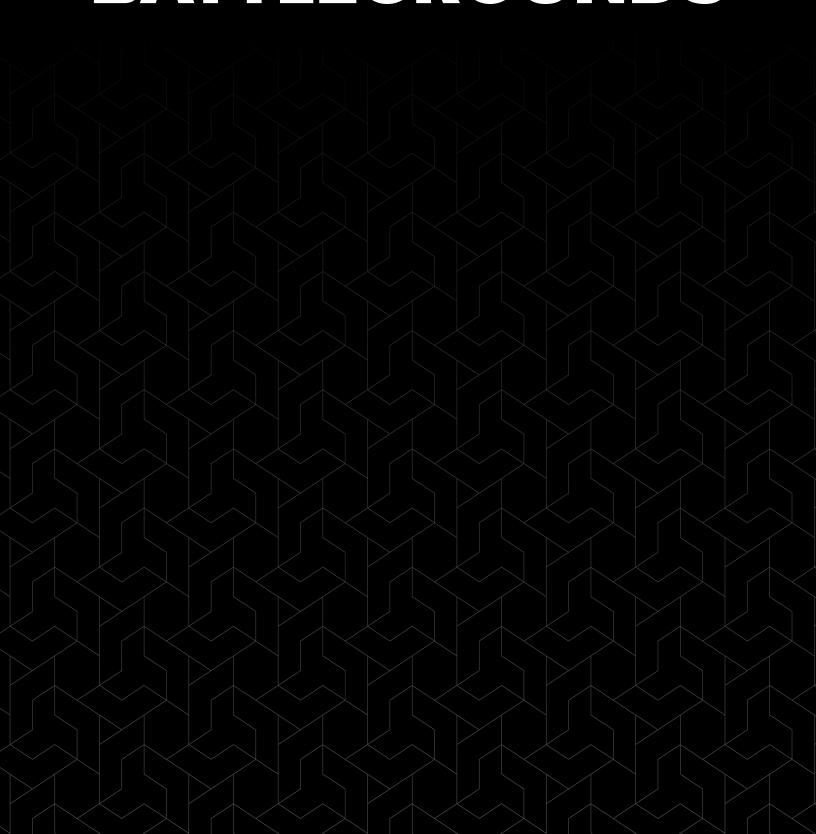
Very few of those surveyed admitted to being any less than "Somewhat confident" in first-party data delivering a strong ROI, giving an indication that marketers fall into two general classes: the data-confident, and "everyone else."

The effect that this divergence will have on the competitive landscape becomes more apparent when you consider that a wave of data-confident marketers may be about to crest, with 67% of respondents expecting to realize their first-party data goals in an impressive 18 months or less.

WHEN DO YOU ANTICIPATE YOUR FIRST-PARTY DATA GOALS WILL BE REALIZED?

BETWEEN 13 AND 18 MONTHS
27%

BETWEEN 19 AND 24 MONTHS
16%

BETWEEN 7 AND 12 MONTHS
23%

BETWEEN 2 AND 3 YEARS
11%

WITHIN 6 MONTHS
17%

MORE THAN 3 YEARS
6%

30%   20%   10%
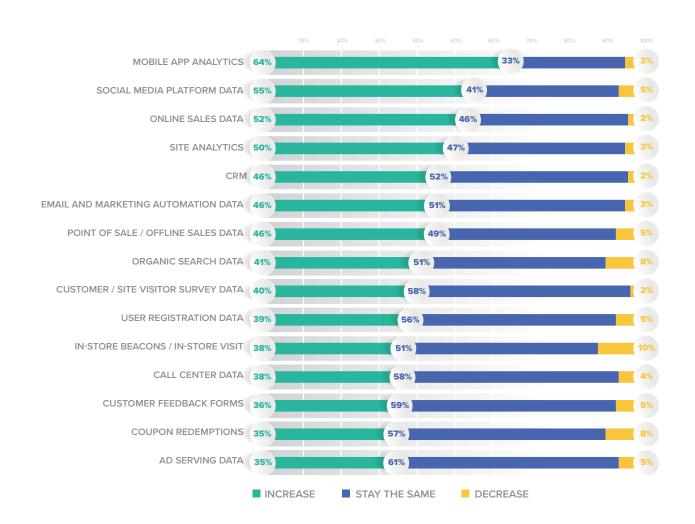
TOMORROW'S
BATTLEGROUNDS

TOMORROW'S
BATTLEGROUNDS

The importance placed upon first-party data is nothing new. However, the precise types of data that marketers hope to use for competitive advantage are in a near-constant state of flux. Our survey results gave some insight into where the key battlegrounds may lie in 2019 and beyond.
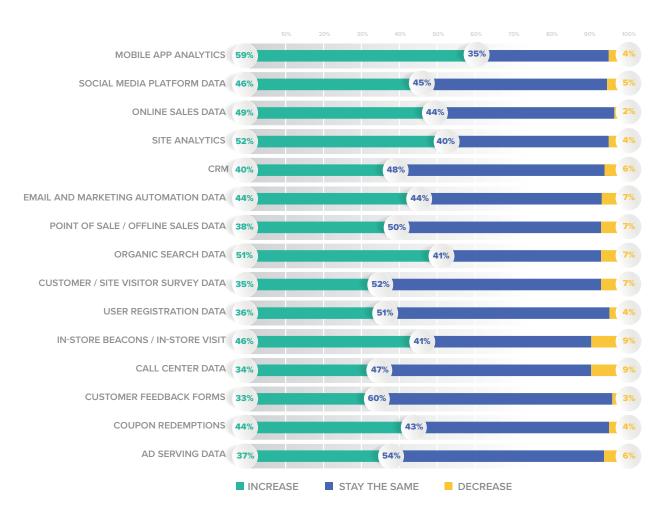
Mobile app analytics, social media platform data, online sales data, and site analytics are clearly set to be a few of 2019's competitive hot spots.

EXPECTED CHANGE IN USE OF FIRST-PARTY DATA, NEXT 12 MONTHS

	Increase	Stay the Same	Decrease
MOBILE APP ANALYTICS	64%	33%	3%
SOCIAL MEDIA PLATFORM DATA	55%	41%	5%
ONLINE SALES DATA	52%	46%	2%
SITE ANALYTICS	50%	47%	3%
CRM	46%	52%	2%
EMAIL AND MARKETING AUTOMATION DATA	46%	51%	3%
POINT OF SALE / OFFLINE SALES DATA	46%	49%	5%
ORGANIC SEARCH DATA	41%	51%	8%
CUSTOMER / SITE VISITOR SURVEY DATA	40%	58%	2%
USER REGISTRATION DATA	39%	56%	5%
IN-STORE BEACONS / IN-STORE VISIT	38%	51%	10%
CALL CENTER DATA	38%	58%	4%
CUSTOMER FEEDBACK FORMS	36%	59%	5%
COUPON REDEMPTIONS	35%	57%	8%
AD SERVING DATA	35%	61%	5%

■ INCREASE   ■ STAY THE SAME   ■ DECREASE

And marketers don't expect their competitors to rest on their laurels, with respondents indicating that they expect competitors to respond in kind.

DO YOU EXPECT YOUR COMPETITORS' USE OF THESE TYPES OF FIRST-PARTY DATA TO INCREASE OVER THE NEXT 12 MONTHS?

	INCREASE	STAY THE SAME	DECREASE
MOBILE APP ANALYTICS	59%	35%	4%
SOCIAL MEDIA PLATFORM DATA	46%	45%	5%
ONLINE SALES DATA	49%	44%	2%
SITE ANALYTICS	52%	40%	4%
CRM	40%	48%	6%
EMAIL AND MARKETING AUTOMATION DATA	44%	44%	7%
POINT OF SALE / OFFLINE SALES DATA	38%	50%	7%
ORGANIC SEARCH DATA	51%	41%	7%
CUSTOMER / SITE VISITOR SURVEY DATA	35%	52%	7%
USER REGISTRATION DATA	36%	51%	4%
IN-STORE BEACONS / IN-STORE VISIT	46%	41%	9%
CALL CENTER DATA	34%	47%	9%
CUSTOMER FEEDBACK FORMS	33%	60%	3%
COUPON REDEMPTIONS	44%	43%	4%
AD SERVING DATA	37%	54%	6%

■ INCREASE   ■ STAY THE SAME   ■ DECREASE

WHAT MAKES
DATA-CONFIDENT BRANDS TICK?

WHAT MAKES
DATA-CONFIDENT BRANDS TICK?

> **"We're finding that the results we're seeing by leveraging our first-party data does outperform...in driving volume, driving return on investment, driving sales."**
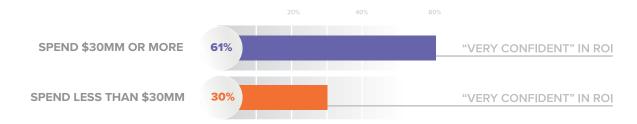>
> **SVP Growth,** Retail

Our survey found some marketers expressing a higher level of confidence in the potential ROI of first-party data, or sharing more optimistic expectations as to when first-party data goals would be realized. Examining the survey data, we were able to identify four "lessons" to make sense of this divergence:

1 BIG SPENDERS DON'T CLAIM A DECISIVE ADVANTAGE

2 DATA-CONFIDENT MARKETERS BRING IN PARTNERS

3 DATA-CONFIDENT MARKETERS SEE OPPORTUNITY IN CERTAIN CHANNELS

4 TECHNOLOGY DRIVES ACCELERATION
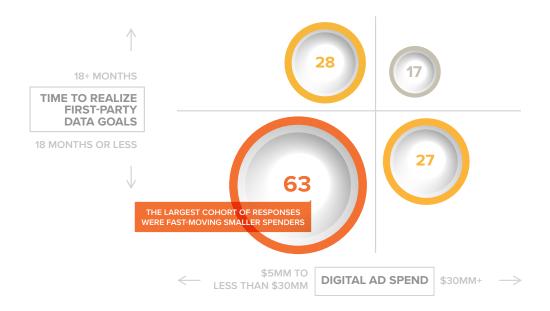
BIG SPENDERS DON'T CLAIM A DECISIVE ADVANTAGE

When segmented according to ad spend, marketers responded with mixed signals. There was greater confidence in ROI among the bigger spenders (budgets $30MM+), but smaller spenders expect to achieve their goals sooner.

BIGGER SPENDERS EXPRESSED GREATER CONFIDENCE IN POTENTIAL ROI

	20%	40%	60%	
SPEND $30MM OR MORE	**61%**			"VERY CONFIDENT" IN ROI
SPEND LESS THAN $30MM	**30%**			"VERY CONFIDENT" IN ROI

Question: How confident are you in your first-party data delivering a strong return on investment?

BUT SMALLER SPENDERS SEEM TO BE MOVING FASTER

18+ MONTHS

TIME TO REALIZE FIRST-PARTY DATA GOALS

18 MONTHS OR LESS

28

17

27

63

THE LARGEST COHORT OF RESPONSES WERE FAST-MOVING SMALLER SPENDERS

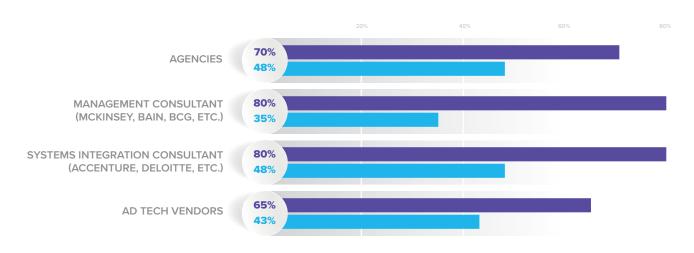$5MM TO LESS THAN $30MM ← **DIGITAL AD SPEND** $30MM+ →

Question: When do you anticipate your first-party data goals will be realized?

DATA-CONFIDENT MARKETERS BRING IN PARTNERS

Marketers who responded that they are "very confident" in first-party data delivering strong ROI are far more likely to work with partners. The gap is stark, and it indicates that partners are playing a role in data activation (whether in a campaign execution capacity, as in the case of an agency, or in an advisory capacity, as in the case of a consultancy), giving marketers more confidence that data assets will generate returns.

WHICH OF THESE THIRD PARTIES HAVE YOU ENGAGED TO HELP YOU UNLOCK YOUR FIRST-PARTY DATA?

	20%	40%	60%	80%

AGENCIES
70%
48%

MANAGEMENT CONSULTANT (MCKINSEY, BAIN, BCG, ETC.)
80%
35%

SYSTEMS INTEGRATION CONSULTANT (ACCENTURE, DELOITTE, ETC.)
80%
48%

AD TECH VENDORS
65%
43%

◼ MARKETERS WHO ARE "VERY CONFIDENT" THAT FIRST-PARTY DATA WILL DELIVER STRONG ROI

◼ MARKETERS WHO ARE ONLY "SOMEWHAT CONFIDENT" THAT FIRST-PARTY DATA WILL DELIVER STRONG ROI

> **"We had a large consultancy helping us...the larger decisions were made by them so that [direction] was coming from the top. It's harder when something comes from the bottom up and you have to sell it to all of those stakeholders."**
>
> **VP Global Media,** Beauty

DATA-CONFIDENT MARKETERS SEE OPPORTUNITY IN CERTAIN CHANNELS

We asked marketers how important they considered various first-party data types to be, on a four-point scale from "Very Important" to "Do Not Use."

When looking at the data types selected as "Very Important," it's clear that higher confidence in first-party data ROI correlates with notably greater excitement around five data types in particular: mobile app analytics, ad serving data, in-store visits, organic search, and call center.

Mobile app analytics was also the top pick for increased investment over the next 12 months (see "Tomorrow's Battlegrounds" on page 22). Not all marketers have a mobile app channel from which to draw insights, but those that do should assume that competitors are expecting mobile app analytics to be a key first-party data asset and ROI driver in 2019.

HOW IMPORTANT ARE EACH OF THESE TYPES OF FIRST-PARTY DATA TO YOUR MARKETING AND ADVERTISING DECISIONS?

	20%	40%	60%	80%

AD SERVING DATA — 74% / 36%

MOBILE APP ANALYTICS — 82% / 50%

IN-STORE BEACONS / IN-STORE VISIT — 64% / 39%

ORGANIC SEACH DATA — 60% / 35%

CALL CENTER DATA — 53% / 33%

■ MARKETERS WHO ARE "VERY CONFIDENT" THAT FIRST-PARTY DATA WILL DELIVER STRONG ROI

■ MARKETERS WHO ARE ONLY "SOMEWHAT CONFIDENT" THAT FIRST-PARTY DATA WILL DELIVER STRONG ROI

DATA SHOWN FOR RESPONDENTS WHO SELECTED "VERY IMPORTANT".

DTC TEASES OPPORTUNITY AND BREEDS ANXIETY

First-party data collection and activation can be challenging for marketers in data-scarce verticals such as Consumer Packaged Goods (CPG), where advertisers' distribution partners tend to own the relationship with the end customer.

Our marketer interviews uncovered a perhaps not surprising level of anxiety, anticipation, and envy around the potential of direct-to-consumer (DTC) channels to augment and amplify first-party data driven marketing.

> **"...We rely heavily on other people's data. We don't have a CRM database for most of our businesses. So again, the only ones that we do are our DTC brands, which we're working on building even further as we just launched director-to-consumer channel a month ago."**
>
> **VP Global Media,** Beauty

> **"I wanted to keep DTC and brands separate, because it's just a different beast, and we wanted to have some rigor around that."**
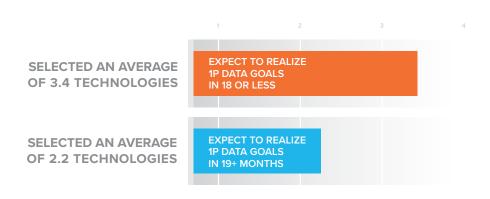>
> **VP Media,** Financial

> **"The one thing I would say that I know that we are challenged in is having a greater understanding in the CPG space...We would love to be able to identify those users of the CPG space or purchasers from the CPG space, and how can we contact them more directly."**
>
> **Director of Media Strategy,** CPG

TECHNOLOGY DRIVES ACCELERATION

An array of technologies exist to help marketers manage their first-party data. Among faster-moving marketers who expect to realize first-party data goals within the next 18 months, technology adoption seems more widespread.
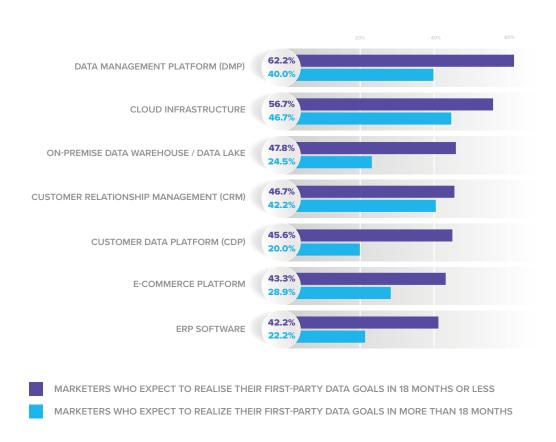
MARKETERS WHO EXPECT TO REALIZE THEIR FIRST-PARTY DATA GOALS SOONER USE MORE TECHNOLOGIES ON AVERAGE.

	1	2	3	4
SELECTED AN AVERAGE OF 3.4 TECHNOLOGIES	EXPECT TO REALIZE 1P DATA GOALS IN 18 OR LESS			
SELECTED AN AVERAGE OF 2.2 TECHNOLOGIES	EXPECT TO REALIZE 1P DATA GOALS IN 19+ MONTHS			

Question: "Where does your company store first-party data?" (multiple choices possible)

TECHNOLOGY DRIVES ACCELERATION

—

MARKETERS WHO EXPECT TO REALIZE THEIR FIRST-PARTY DATA GOALS SOONER WERE MORE LIKELY TO USE EVERY TECHNOLOGY WE ASKED ABOUT.

	20%	40%	60%

DATA MANAGEMENT PLATFORM (DMP)
62.2%
40.0%

CLOUD INFRASTRUCTURE
56.7%
46.7%

ON-PREMISE DATA WAREHOUSE / DATA LAKE
47.8%
24.5%

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)
46.7%
42.2%

CUSTOMER DATA PLATFORM (CDP)
45.6%
20.0%

E-COMMERCE PLATFORM
43.3%
28.9%

ERP SOFTWARE
42.2%
22.2%

■ MARKETERS WHO EXPECT TO REALISE THEIR FIRST-PARTY DATA GOALS IN 18 MONTHS OR LESS

■ MARKETERS WHO EXPECT TO REALIZE THEIR FIRST-PARTY DATA GOALS IN MORE THAN 18 MONTHS

Question: "Where does your company store first-party data?" (multiple choices possible)

MORE THAN ENOUGH
WORK TO
GO AROUND

MORE THAN ENOUGH WORK
TO GO AROUND

<div class="quote-box">

"I'd like to believe that first-party data can be a competitive advantage for us. The better we know our customers, the better we can reach out to people like them, and so ... for me it's self-evident that there's benefits there."
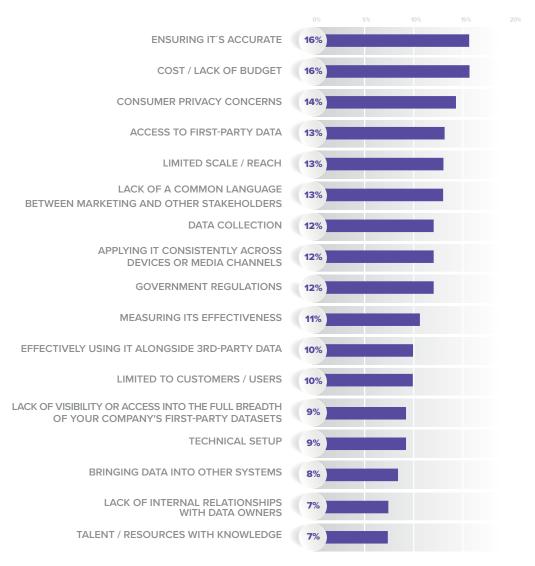
SVP Growth, Retail

</div>

Despite a cohort of data-confident marketers having a favorable view of their own progress towards unlocking first-party data, the race is far from over.

POTENTIAL REMAINS MOSTLY UNTAPPED

When we asked marketers what percent of their company's first-party data potential they think they're tapping into, responses averaged 47%—still shy of halfway toward a finish line that will almost certainly get pushed further out.

FIRST-PARTY DATA IS MESSY, EVEN FOR THE BEST MARKETERS

We asked marketers to rank their top five challenges when it comes to first-party data. The results should be familiar to marketers, brands, and partners alike. Whether it's ensuring accuracy, hiring people to execute on data strategies, or simply collecting the data in the first place, marketers clearly don't lack for challenges.

ENSURING IT'S ACCURATE	16%
COST / LACK OF BUDGET	16%
CONSUMER PRIVACY CONCERNS	14%
ACCESS TO FIRST-PARTY DATA	13%
LIMITED SCALE / REACH	13%
LACK OF A COMMON LANGUAGE BETWEEN MARKETING AND OTHER STAKEHOLDERS	13%
DATA COLLECTION	12%
APPLYING IT CONSISTENTLY ACROSS DEVICES OR MEDIA CHANNELS	12%
GOVERNMENT REGULATIONS	12%
MEASURING ITS EFFECTIVENESS	11%
EFFECTIVELY USING IT ALONGSIDE 3RD-PARTY DATA	10%
LIMITED TO CUSTOMERS / USERS	10%
LACK OF VISIBILITY OR ACCESS INTO THE FULL BREADTH OF YOUR COMPANY'S FIRST-PARTY DATASETS	9%
TECHNICAL SETUP	9%
BRINGING DATA INTO OTHER SYSTEMS	8%
LACK OF INTERNAL RELATIONSHIPS WITH DATA OWNERS	7%
TALENT / RESOURCES WITH KNOWLEDGE	7%

STATED RANKING DATA HAS BEEN WEIGHTED AS FOLLOWS: RANK 1 = 1.0, RANK 2 = 0.67. RANK 3 = 0.33

Question: "What are the biggest challenges of using first-party data?" (rank each 1-5, weighted rank among top 3 shown)
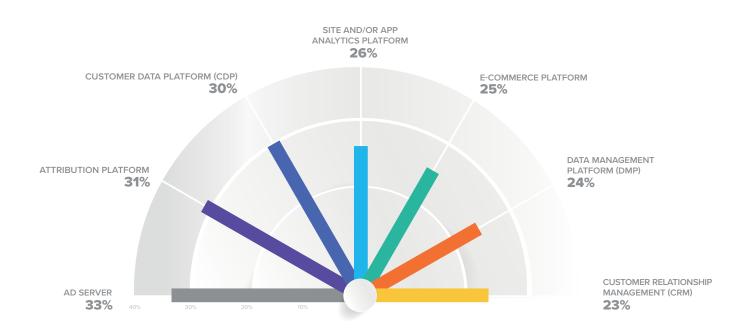
DATA ACCESS REMAINS ELUSIVE FOR SOME

Lastly, it's clear that enterprises (and likely their partners in many cases) have some work to do in ensuring marketers have access to the data they need. Restricting marketers' access to CRM or e-commerce platform data makes sense, as those platforms may contain sensitive or non-marketing data.

For the remainder of platform types, however, lack of access represents a red flag and a clear impediment to marketing activation of first-party data, especially with regards to ad servers, attribution platforms, customer data platforms, and site analytics.

DO YOU HAVE UNRESTRICTED ACCESS TO AND OWNERSHIP OF YOUR COMPANY'S FIRST-PARTY DATA IN THE FOLLOWING PLACES? (ANSWERED 'NO')

SITE AND/OR APP ANALYTICS PLATFORM
26%

CUSTOMER DATA PLATFORM (CDP)
30%

E-COMMERCE PLATFORM
25%

ATTRIBUTION PLATFORM
31%

DATA MANAGEMENT PLATFORM (DMP)
24%

AD SERVER
33%

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)
23%

40%   30%   20%   10%

RECOMMENDATIONS
FOR BRANDS
AND MARKETERS

RECOMMENDATIONS
FOR BRANDS AND MARKETERS

It would be unrealistic to translate the results of this survey into a one-size-fits-all first-party data game plan (only to have it fall apart on first contact with the real-world challenges that marketers face). However, our survey uncovered several clear themes:

1

MARKETERS WOULD BE REMISS TO REST ON THEIR LAURELS.

Challenges abound, and even the data-confident marketers uncovered by our survey data have an uphill battle.

2

IF YOUR TIME HORIZON GOES BEYOND 18 MONTHS, YOU COULD BE IN TROUBLE.

The majority of respondents (67%) anticipate realizing their first-party data goals in 18 months or less. Granted, first-party data initiatives are often complex and might take longer than planned, but simpler first-party data goals achieved sooner afford the opportunity to begin tackling the next set of challenges in an ever-changing landscape.

3

DATA-CONFIDENT MARKETERS USE TECHNOLOGY AND PARTNERS.

Our survey found data-confident marketers more likely to employ technology and work with partners. Not all technologies and partners are created equal, but brands with longer time horizons or lack of confidence in the ROI would be advised to re-examine the ways that technology or partners could inject first-party data initiatives with greater optimism and agility.

4

START INVESTING IN TOMORROW'S DATA GOLD MINES TODAY.

This report offers a sneak peek into the channels and data types that marketers are likely to prioritize in 2019. It's beyond the scope of this report to investigate why, but mobile app analytics are a clear future priority. Mobile apps in particular may be moot or irrelevant for many marketers, but Wayne Gretsky's hockey aphorism "I skate to where the puck is going" applies no matter what channels and data sources a marketer has access to.

As consumer habits, the competitive landscape, and marketing technology continue to change, mastering the first-party data of today may not be sufficient to stay competitive.

ABOUT

MIGHTYHIVE

MightyHive is a new breed of media consultancy that partners with global brands and agencies seeking transformative marketing results in a time of massive disruption and opportunity. Recognized as a global leader in advanced marketing and advertising technologies, MightyHive provides consulting and services in the areas of media operations and training, data strategy and analytics. The company is headquartered in San Francisco, with offices in New York, London, Toronto, Singapore, Stockholm and Sydney. In 2018, MightyHive merged with S⁴ Capital plc (SFOR.L), a new age/new era digital advertising and marketing services company established by Sir Martin Sorrell in 2018.

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QUESTIONS ABOUT THIS REPORT?
EMAIL US AT DATA-CONFIDENT@MIGHTYHIVE.COM

ABOUT

Advertiser Perceptions®

Advertiser Perceptions is the global leader in research-based business intelligence for the advertising industry. Their exclusive insights, practical advice and knowledgeable guidance produce actionable solutions that deliver results and enable their clients to thrive in today's complex and competitive advertising market.

MIGHTYHIVE